

Message Text

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72

ACTION PM-07

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TO SECSTATE WASHDC 9206

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E.O. 11652: N/A

TAGS: MASS, SZ

SUBJECT: NEGOTIATIONS FOR SALE OF F-5E/F AIRCRAFT

FOLLOWING LETTER FROM C. GROSSENBACHER, SWISS ARMANENT TECHNOLOGY AND PROCUREMENT GROUP, TO WILLIAM P. CLEMENTS, JR., DEPUTY SECRETARY OF DEFENSE, WAS SENT INTERNATIONAL MAIL JUNE 25. GROSSENBACHER HAS REQUESTED EMBASSY TO CABLE TEXT IN INTEREST OF EXPEDITING NEGOTIATIONS.

QUOTE: DEAR MR. SECRETARY, THE WORK OF YOUR REPRESENTATIVES IN SWITZERLAND DURING 18-20 JUNE CONCERNING THE POSSIBILITY OF ACQUIRING THE F5E/F AIRCRAFT UNDER THE OPTIMUM US GOVERNMENT INDUSTRY WEAPON SYSTEMS MANAGEMENT TEAM IS MOST APPRECIATED.

AS YOU MAY BE AWARE, THE REQUIREMENTS OF SWITZERLAND ON THE USWEAPON MANAGEMENT SYSTEM MAY BE DIFFERENT THAN OTHER COUNTRIES WITH MAJOR GOVERNMENT-INDUSTRY MANAGEMENT TEAMS OF THEIR OWN. HOWEVER THE ECONOMIC/MILITARY CONSIDERATIONS ARE SIMILAR IN THAT SOME SWISS PRODUCTION AND TECHNOLOGICAL PARTICIPATION IS ESSENTIAL FOR THE PROGRAM TO BE GENERALLY ACCEPTABLE. WE HAVE IDENTIFIED A PROGRAM WHICH IN OUR ESTIMATE WILL RUN LESS THAN 30 PERCENT OF THE TOTAL VALUE OF THE PROGRAM COST OF THE AIRCRAFT (CURRENT ESTIMATES ARE ONLY 17 PERCENT). THUS

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OVER 70 PERCENT OF THE PROGRAM WILL INVOLVE PURCHASE

FROM THE UNITED STATES.

WE HAVE ACCEPTED THE OFFERS INVOLVING DIRECT PURCHASE AND SWISS COMPONENT SUPPLY AS SUB-CONTRACTORS. UNDER SUCH OFFERS WE ACQUIRE ALL THE ASSURANCE OF THE COMPETENCE OF THE US GOVERNMENT/INDUSTRY MANAGEMENT TEAM AS OUR WARRANTY ON THE AIRCRAFT SINCE IN THE FINAL ANALYSIS WE MUST BE SELF INSURERS.

HOWEVER OUR CONSIDERATIONS OF A LESS THAN 30 PERCENT SWISS PARTICIPATION PROGRAM, INCLUDE FINAL ASSEMBLY ON THE AIRCRAFT AND ENGINE. WE UNDERSTAND THAT THIS FRACTIONAL INCREASE IN SWISS WORK IS NOT POSSIBLE OF INCORPORATION WITHIN THE US GOVERNMENT/INDUSTRY MANAGEMENT TEAM CAPABILITIES, EVEN THOUGH WE ARE PREPARED TO PAY FOR LICENSE FEES, TECHNICAL ASSISTANCE AND OTHER COSTS FOR THE PRIVILEGE OF FINAL ASSEMBLY.

THUS WE ARE FACED WITH THE POSSIBILITY OF HAVING TO ACQUIRE THE COMPLETE US/INDUSTRY MANAGEMENT CAPABILITY TO ACHIEVE THE SAME BASIC WARRANTY OF THE AIRCRAFT, EVEN THOUGH OUR INDUSTRY IS RESPONSIBLE FOR LESS THAN 30 PERCENT OF THE PROGRAM.

WE WOULD APPRECIATE YOUR FURTHER CONSIDERATION, ON A PRACTICAL BASIS, OF OUR REQUIREMENTS. WE ARE SURE THAT THESE REQUIREMENTS MUST BE FACED BY OTHER COUNTRIES WITHOUT THE FULL WEAPON SYSTEM TEAM COMPARABLE TO THAT OF THE UNITED STATES.

THE CONCLUSIONS OF OUR MEETINGS LAST WEEK HAVE BEEN INCLUDED IN A REPORT WHICH INDICATES THE POSSIBILITY OF FURTHER CONSIDERATION. WE KINDLY INVITE YOU TO GIVE CONSIDERATION TO METHODS UNDER WHICH THE SWISS GOVERNMENT MAY ACQUIRE THE F5E/F AIRCRAFT ON A CO-PRODUCTION BASIS INCLUDING FINAL ASSEMBLY TAKING INTO ACCOUNT ALL THE FACTORS OF PRICE AS WELL AS WEAPON SYSTEMS MANAGEMENT.

IF YOU WOULD THINK IT NECESSARY TO DISCUSS THIS MATTER
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IN THE NEAR FUTURE PLEASE NAME DATE AND LOCATION OF A POSSIBLE MEETING. SINCERELY, ARMAMENT TECHNOLOGY AND PROCUREMENT GROUP, THE ARMAMENT CHIEF C. GROSSENBACHER.

END QUOTE
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Message Attributes

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